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COMMITTEE FOR TRADE, INDUSTRY AND
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Centre for Trade Facilitation and Electronic Business (UN/CEFACT)

Item 10 of the provisional agenda

Tenth session, 17-19 May 2004

UN/CEFACT INTELLECTUAL PROPERTY POLICY

Submitted by the UN/CEFACT Bureau Steering Group (CSG)*

DRAFT DOCUMENT FOR APPROVAL

The present document is submitted by the UN/CEFACT Bureau for **intersessional approval by the Plenary** with a review time by the Head of Delegations of 30 days.

This revision includes a new section 5 Indemnities that was developed in cooperation with the UN/CEFACT Legal Rapporteur and conforms to the recommendation of the United Nations Office of Legal Affairs, and an Annex Protocol of Implementation of the UN/CEFACT IPR Policy.

Once approved by UN/CEFACT, the document will be published on the web site as interim UN/CEFACT IPR policy, pending final approval by the Committee for Trade, Industry and Enterprise Development and the UNECE Commission.

Introduction

This document is a revision of the draft IPR policy ~~presented~~approved at the May 2003~~34~~ session of UN/CEFACT. The~~is~~ version, submitted by the ~~CSG~~Bureau, was revised by one of the UN/CEFACT Legal Rapporteurs (Mr. David Marsh of the United Kingdom) following discussions with the United Nations Legal Office (OLA) in New York and the World Intellectual Property Organization (WIPO) and has the endorsement of the ~~UN/CEFACT Steering Group~~United Nations Legal Office and the UN/CEFACT Bureau.

The document includes a new section 5 on Indemnities and an Annex Protocol for Implementation of UN/CEFACT IPR Policy.~~secretariat has made two sets of small changes to the submitted text, all of which are clearly marked. These changes are to paragraphs 2(g), 6(a), 6(b) and 7 with the purpose of clarifying the status of "contributing non-participants". The second set of changes have deleted the UN/CEFACT "Steering Group" (in paragraphs 2(d), 6(a) and 7) and replaced them with the "Plenary and affected groups under it" (in paragraph 6(a)) and just the "Plenary" (in paragraph 7). These last changes were made to align the IPR policy with the latest version of the UN/CEFACT Mandate, Terms of Reference and Procedures (document TRADE/R.650/Rev.3), which is being presented to the Plenary for approval.~~

~~However, the following IPR text does not conform with the recommendations of the OLA in the two areas described below:~~

- ~~(a) "the recommendation that participants and contributing non-participants be required to sign an instrument certifying that they agree to be bound by the Intellectual Property Policy" and;~~
- ~~(b) "the recommendation that participants and contributing non-participants be required to indemnify, hold harmless and defend at their own expense the UN against claims of infringement of third party intellectual property rights arising from their contributions"~~

~~In this context, the delegates should be aware of the following instructions from the OLA:~~

~~"Considering the potential for disputes and liability inherent in this project, we believe that it is of critical importance that the project be submitted for clearance by the UN Controller and submitted for the approval of the Economic and Social Council, the parent body of ECE, as we already recommended. In case our recommendations are not accepted, this should be specifically and explicitly brought to the attention of the above mentioned authorities when the project is submitted for their clearance and approval"~~

~~To provide further background on the above, the secretariat has prepared an, "Explanatory Note on the IPR Policy" (document TRADE/CEFACT/2004/25), which includes:~~

- ~~□ An explanation of why these recommendations were not taken into account;~~
- ~~□ The rationale behind the OLA's refusal to change their recommendations, and~~
- ~~□ The results from a questionnaire to experts on the effect of requiring them to indemnify the United Nations;~~
- A copy of the existing, applicable IPR policy from the OLA.

PROPOSED IPR POLICY

1. About this Policy. The policy described in this document (the “Policy”) is the complete and exclusive statement of UN/CEFACT’s Intellectual Property policy, and applies to and governs all of UN/CEFACT’s activity moving forward. This Policy supersedes any and all prior documentation regarding UN/CEFACT’s intellectual property policy, including, but not limited to, the intellectual property language provided in UN/CEFACT’s Open Development Process for Technical Specifications and its User Guide. Any revisions to this Policy will be effective only after: (a) all UN/CEFACT Members and Participants are notified in writing (such as by e-mail) of such revisions; (b) a clear and conspicuous link to the revised Policy (with the revisions highlighted) is posted on the home page of the UN/CEFACT website (currently <http://www.unece.org/cefact/>); and (c) Participants are afforded at least thirty (30) days from the date of receiving notice of such revisions to withdraw from UN/CEFACT. Any Participant that withdraws from UN/CEFACT prior to the end of this thirty (30)-day period will not be subject to the revised UN/CEFACT Policy.

2. Definitions. Capitalized terms in this Policy shall have the following meanings:

(a) **“Affiliate”** means an entity that directly or indirectly controls, is controlled by, or is under common control with another entity. Control, for purposes of this Policy, means direct or indirect beneficial ownership of more than fifty percent of the voting stock, or decision-making authority in the event that there is no voting stock, in an entity.

(b) **“Contribution”** means material that (1) exists in a tangible form of expression (including in electronic media), or verbal statements made by a Participant at a UN/CEFACT Group meeting that are memorialized in written documentation within such Group; and (2) satisfies all the additional criteria for a Contribution set out in Section 3 of this Policy, subject to the limitations and qualifications also set out in Section 3.

(c) **“Intellectual Property”** means all copyrights and the claims of any patent or patent application.

(d) **“Group”** means a Group formally approved with a mandate and terms of reference by the UN/CEFACT plenary.

(e) **“Member”** means (1) UN/ECE member States; (2) other UN member States; (3) inter-governmental organizations; and (4) non-governmental organizations which have consultative status with ECOSOC.

(f) **“Necessary Claims”** means claims of a granted patent or [published] patent application, excluding design patents and design registrations, that (1) are owned or controlled by the contributing Participant now or at any future time; and (2) are necessarily infringed by implementing the Contribution as disclosed with particularity in the Specification. Necessary Claims do not include (i) any claims that may be contained in the same patent as Necessary Claims but are not themselves Necessary Claims; (ii) any claims that may read on any portions of any product and any combinations thereof that are not required for compliance with the Specification; (iii) any claims that relate to any enabling technologies

(e.g., semiconductor manufacturing technology, compiler technology, object oriented technology, basic operating system technology, computers, networks, connectivity protocols, application programs, integrated circuits or the like) not expressly described in the Specification.

(g) “Participant” means an individual, association, organization, corporation, other entity or Affiliate of such an entity that has formally joined a UN/CEFACT Permanent or Ad-hoc Group under the Group’s membership rules. Except as used in Section 6(a), Participant means the legal entity on whose behalf an authorized individual acts. For purposes of Section 6(a), Participant means the particular individual himself or herself. Under this policy, with the exception of paragraph 3(a), contributing non-participants are treated as participants (see paragraph 3(f)).

(h) “Specification” means a technical specification developed by a UN/CEFACT Group. Specifications may include (1) business methods and business processes, or (2) data structures and data formats that enable such business methods or business processes, but shall not include product specifications.

3. Delivery of Intellectual Property to Groups. Each Group must, at the outset of its work, carefully define the scope of its work and the expected output. For purposes of this Policy, a Participant in a particular Group’s Specification development effort will be deemed to have made a Contribution of all Intellectual Property that (i) it owns or controls; (ii) that relates to a Contribution that is actually submitted by such Participant to the Group in the process of developing such Specification; and (iii) is incorporated into a published final Specification the Participant being deemed to have granted an irrevocable royalty free licence under any applicable intellectual property rights for the use of the Contribution, subject to the following limitations and qualifications:

(a) The Participant must have formally joined the project team of a particular Specification development effort pursuant to the UN/CEFACT Open Development Process within a UN/CEFACT Group approved by the UN/CEFACT Plenary. Subsequent withdrawal from the Group by the Participant will have no effect on the Participant’s obligations under this Policy; except that if the final output of a Group’s particular Specification development effort differs substantially from the expected output that was documented at the time the Group commenced, then a Participant (including a Participant that has previously submitted a proposed Contribution to such Specification development effort) that has withdrawn promptly from a Group prior to final approval of the applicable Specification will have no obligations under Sections 3 and 4 of this Policy in connection with such Specification provided that the Participant so withdrawing has no Contribution incorporated in a Specification. (*See also* Section 8 of this Policy regarding withdrawal of a Participant from UN/CEFACT in its entirety.)

(b) Only business methods and business processes, or data structures and data formats that enable the use of a Specification will be deemed a Contribution. Thus, in no case will patent claims in granted patents and patent applications that address anything other than business methods or business processes, or data structures or data formats used in a Specification should be deemed contributed.

(c) No Participant in a Group or Specification development effort is obligated to contribute or license (or will be deemed to have contributed or licensed) its Intellectual Property that is used in or becomes part of a Specification based on an unauthorized submission of that Intellectual Property by another.

(d) Where subject matter is provided as a potential Contribution the Participant must be legally competent to grant any necessary licence as specified in this clause 3 permitting its use in all jurisdictions or territories in which it holds relevant intellectual property rights and warrants that it is unaware of any intellectual property rights held by third parties that would restrict its intended use by UN/CEFACT.

(e) No Participant will include computer executable software code in its Contributions. No draft or final Specification shall include such computer executable software code.

(f) A written statement or an oral statement that is memorialized in writing and which is submitted to UN/CEFACT or to an UN/CEFACT Group by an individual or entity that is not a Participant of UN/CEFACT (“non-Participant”), such as an invited expert that has not been approved by a Member, for incorporation into a Specification, shall be treated as a Contribution under this clause under this Policy, and such contributing non-participant shall be treated as a Participant under this Policy, except for the requirement in this Section 3(a) that the Contribution comes from a Participant that has formally joined a Group.

(g) No Intellectual Property owned or controlled by a Participant, or by a contributing non-Participant, will be deemed contributed except as described in this Section 3, or, where applicable, in Section 6(c). Further, each Participant in each Specification development effort and each contributing non-Participant will retain ownership of all Intellectual Property rights that such entity owned prior to participation or contribution and that may vest in the course of participation. Except as specifically set forth in this Policy, Participants and contributing non-Participants do not grant any licenses to, or otherwise limit their rights in or to, their Contributions or any other Intellectual Property.

4. Use of Contributions. In connection with each Contribution, the contributing Participant agrees as follows:

(a) **Copyright.** The Participant grants UN/CEFACT a non-exclusive, perpetual, irrevocable *royalty-free* license under the Participant’s copyright rights in the Contribution to reproduce, distribute, perform, display and create derivative works of the Contribution, solely for the purpose of creating, implementing, and promoting Specifications. UN/CEFACT may sublicense these rights to implementers of Specifications, or otherwise, as necessary to advance this purpose.

(b) **Patents.** A Participant agrees that it will grant to any third party implementing a published final Specification that incorporates a Contribution from such Participant, on *royalty-free* and otherwise reasonable and non-discriminatory terms, a non-exclusive, non-transferable, world-wide license under any Necessary Claim that reads on such Contribution to use, make, have made, import, sell and offer to sell, lease, and otherwise distribute and

dispose of those portions of Specification-compliant products that implement such Contribution.

(c) Trade secrets. Participants acknowledge that recipients of information disclosed in the context of a Specification development effort will have no obligation to keep such information confidential.

(d) Trademarks. No trademark licenses are granted in connection with UN/CEFACT participation or the submission of a Contribution.

(e) Warranties. Any and all Contributions are furnished "AS IS" with respect to this Policy. Participants do not make any warranties, express, implied, or statutory, including without limitation any warranty of merchantability or fitness for a particular purpose with respect thereto.

(f) Implementers of Specifications. Any individual or entity, including those that are not Members or Participants of UN/CEFACT, may implement a published final Specification, provided that the implementer abides by any Participant's, or any UN/CEFACT, reasonable and nondiscriminatory licensing terms that may apply.

5. Indemnities

(a) Each participant shall on condition of being permitted to contribute to the UN/CEFACT process, indemnify, defend and hold harmless the United Nations, its officials, agents, servants and employees, from and against all or any suits, proceedings, claims and liability including, but not limited to, all litigation costs and expenses, based on, arising from or relating to allegations that the UN's use of the Contribution made by such participant constitutes an infringement of any patent, copyright, trademark, or other intellectual property, provided that this indemnity shall only be enforceable if the participant knew or ought to have known when making the Contribution that the use of that Contribution could result in a claim of Intellectual Property infringement.

(b) The UN shall promptly advise the participant who made the Contribution of any such suits, proceedings, claims, demands or liability within a reasonable period of time after having received written notice thereof, and shall reasonably cooperate with the Participant (at the Participant's sole cost and expense) in the defense or settlement thereof, subject to the privileges and immunities of the UN. The participant shall have sole control of the defense of any such suit, proceeding, claim or demand and of all negotiations in connection with the settlement or compromise thereof, except with respect to the assertion or defense of the privileges and immunities of the UN. The UN shall have the right to be represented in any suit or proceeding, at its own expense, by independent counsel of the UN's own choosing.

6. UN/CEFACT's Intellectual Property rights and obligations.

(a) Ownership of Specification Copyrights. UN/CEFACT shall own the copyright in draft and published final Specifications, subject to the underlying copyright rights of the contributing Participants and other copyright owners.

(b) No charge for Specifications. UN/CEFACT will not charge royalties or any similar fees in connection with the implementation or use of Specifications.

67. Disclosure and licensing of Intellectual Property other than in Contributions.

(a) Ongoing disclosure obligation. If an individual Participant in UN/CEFACT becomes aware that the legal entity on whose behalf the individual Participant is acting (“Represented Entity”) owns or controls Intellectual Property that would, in the opinion of such individual, necessarily be infringed in the course of implementing or using a published final or draft Specification (excluding Intellectual Property that has been contributed in accordance with this Policy), then the individual Participant or the Represented Entity must alert the UN/CEFACT secretariat to this fact (such disclosure obligation shall endure even after the end of the review period discussed in Section 6(b)). For purposes of this Section 6(a), “awareness” means actual specific knowledge by an individual Participant who actively participates in UN/CEFACT meetings of both (1) this disclosure obligation; and (2) of the potential infringement of a particular published final or draft Specification. The UN/CEFACT secretariat will notify the UN/CEFACT Plenary, and any affected Groups under it, of this claim. However, nothing in this Section or anything else in this Policy imposes: (i) any positive duty or obligation to search Intellectual Property portfolios for such necessary Intellectual Property; or (ii) any licensing obligation on a Participant or Represented Entity that discloses such necessary Intellectual Property prior to the end of the review period discussed in Section 6(b), although if a Participant or Represented Entity chooses, in its discretion, to license such necessary Intellectual Property, it must do so on reasonable and nondiscriminatory terms.

(b) Review period. Each Participant shall have the opportunity to review any draft Specification (along with all other parties) prior to such draft Specification being approved and published as a final Specification. The Participants in the Group that developed such Specification will confer and agree upon an amount of time, not less than thirty (30) days and not to exceed sixty (60) days, in which the review must be completed and the date on which the review will commence. Such review period shall be prominently announced on the UN/CEFACT website, and all UN/CEFACT Participants (including those outside the Group that developed the draft Specification under review) shall be informed in writing (such as by e-mail) about the commencement of such review period. During the review period, all Participants shall have an opportunity to: (1) review the draft Specification; (2) identify any Intellectual Property owned or controlled by such Participant (other than Intellectual Property which such Participant has already contributed to the Specification under Section 3) that is either incorporated into such draft Specification (as the result of an unauthorized submission or otherwise) or that would, in the opinion of the Participant, necessarily be infringed in the course of implementing or using such Specification; (3) state the Participant’s intention to license, under reasonable and non-discriminatory terms, or to decline to license, the Intellectual Property identified under the previous subparagraph; and

(4) raise any specific objections to the draft Specification. In the event any Participant raises specific objections to a draft Specification in writing, or discloses its intention not to license certain of its necessary Intellectual Property, the Group will confer and attempt to resolve such objections and issues during the review period. If, after such review period ends, a draft Specification is substantially modified, a subsequent review period shall be conducted, under the terms of this subsection, before the revised draft Specification is approved and published as a final Specification.

(c) Licensing obligation for necessary patent claims not disclosed prior to the end of the review period. Failure on the part of a Participant to disclose, either prior to or during a review period, any patent claims in its granted patents or [published] patent applications that would, in the opinion of such Participant, necessarily be infringed in the course of implementing or using the Specification under review, will result in an obligation by such Participant to grant licenses under Necessary Claims as if such infringing portions of the Specification were “Contributions” made by such Participant under Section 3.

78. Mechanism for accepting royalty-bearing Intellectual Property in extraordinary circumstances. If a UN/CEFACT Participant believes that a potential Contribution would significantly advance the efforts of that Group but is unwilling to contribute in accordance with this Policy, the Participant may invoke the following process. The Participant can discuss a potential Contribution with the Group without having the discussion be deemed a “Contribution” for the purposes of this Policy, provided that the Participant clearly identifies the potential Contribution as a “discussion document: not a Contribution” in writing in advance of the discussion and has not yet become a documented Participant in that Group. If the Group decides that the potential Contribution is so compelling as to warrant departure from the principle of royalty-free Contributions as set forth in this Policy, the Group can recommend this course of action to the UN/CEFACT Plenary. Upon such recommendation, the UN/CEFACT Plenary will vote on the matter, and by majority vote can choose to accept the Contribution if (a) the UN/CEFACT Plenary believes that the offered Contribution is unique, compelling, and necessary; and (b) the Participant offers the Contribution to all UN/CEFACT users on reasonable and non-discriminatory license terms. Any Specification that includes such a royalty-bearing Contribution will be clearly labelled accordingly. However, such “potential Contribution” identified as a “discussion document: not a Contribution”, would not, in any case, be deemed a royalty-free Contribution without the consent of the Participant.

89. Withdrawal of a UN/CEFACT Participant outside the context of a Group. A Participant may withdraw from UN/CEFACT at any time by notifying the UN secretariat in writing of its intention to withdraw. Withdrawal shall be effective upon receipt of such notice by the secretariat. To the extent a Participant is currently a part of a UN/CEFACT Group, the withdrawal provision of Section 3(a) shall govern any rights and obligations of such Participant with respect to the Specification(s) being developed by such Group. To the extent a Participant is not currently a part of a UN/CEFACT Group, any rights and obligations that have arisen with respect to particular Specification(s) prior to the effective date of such withdrawal (such as a licensing obligation arising under Section 6(c) for failure to disclose necessary patent claims) shall continue in effect with respect to the particular Specification(s), even after the Participant’s withdrawal. All rights and

obligations of the withdrawing Participant other than those specifically referenced in this Section 8 or in Section 3(a) shall cease upon such withdrawal.

ANNEX: Protocol for Implementation of the UN/CEFACT IPR Policy

Introduction

UN/CEFACT ("CEFACT") IPR Policy ("the Policy") governs the Contributions made by Contributors to the UN/CEFACT process. In order for the Policy to be valid it must be approved by the CEFACT Plenary and also by CEFACT's parent bodies, CTIED and the UN/ECE Executive.

The Policy regulates the terms on which all Contributions are to be made. This Protocol sets out how the Policy is to be established and to be enforceable. It is based on the fundamental principle that all Contributions made to the to the development of CEFACT deliverables will be subject to an irrevocable royalty free perpetual licence from the Contributors so that the UN can use those Contributions in any manner it wishes at its unfettered discretion in the development of the CEFACT deliverables. As an integral part of the Policy, Contributors will also indemnify the UN against any claim by a third party for infringement of IP rights resulting from the promulgation of the CEFACT deliverables if the Contributor knew or should reasonably have known that the contribution in question was or might have been infringing.

To implement the new Policy it is necessary that all existing and future CEFACT Contributors should clearly accept that their Contributions are made on the basis that they are subject to the IPR Policy. In order to ensure this implementation and clear acceptance this protocol sets out the appropriate mechanism for achieving such acceptance.

Protocol

For currently existing Contributors to CEFACT it is necessary that all such Contributors should confirm that all their Contributions (past and future) will be subject to and bound by the Policy. To achieve this, all Heads of Delegation or Rapporteurs shall ensure that those Contributors whom they have previously nominated confirm their agreement to the Policy. The acceptance should be by a positive statement of compliance but, in the absence of such positive confirmation, all Contributors will be deemed, by reason of their continued participation, to accept the Policy once the Policy has been approved by the UN/CEFACT Plenary.

New Contributors to the CEFACT Policy shall, as a condition of their nomination by the appropriate Head of Delegation or Rapporteur, expressly acknowledge that the Policy will be binding upon them. It will be incumbent on Heads of delegation or Rapporteurs to ensure that the attention of Contributors is brought to the terms of the Policy. The acceptance of the Policy shall be communicated by new nominees to be Contributors to the Secretariat before their nomination can be accepted and before they can be permitted to contribute to the CEFACT process. In addition, all chairs of virtual and actual CEFACT meetings (including telephone conferences) shall be required to provide a notice to Contributors at those meetings reiterating that all such meeting participation must be subject to the Policy.

In order further to ensure that all existing or new CEFACT Contributors are fully aware of the Policy, the Policy shall be promulgated on the CEFACT website accompanied by a statement that IPR assets of whatever nature, whether contributed by Contributors, from third parties participating voluntarily or from those other third parties participating through an MOU or under arrangements agreed with another organisation can only be made on terms that they are subject to and bound by the published CEFACT Policy.

All CEFACT deliverables of any nature, however published, shall be published subject to a specific disclaimer that the use of those deliverables by any person must be on terms that it is accepted that such use is without any recourse against the UN regardless whether that use may give rise to any claim for loss of any nature, direct or indirect, incurred as a result of adoption or other use of the deliverable in question. This disclaimer shall also be promulgated prominently on the CEFACT website and shall be repeated in all CEFACT publications, however published.